



About ALEC

- Founded in 1973
- The American Legislative Exchange Council is America's largest nonpartisan, voluntary membership organization of state legislators dedicated to the principles of limited government, free markets, and federalism.
- Comprised of nearly one-quarter of the country's state legislators and stakeholders from across the policy spectrum, ALEC members represent more than 60 million Americans and provide jobs to more than 30 million people in the United States



Budgets and Taxes

Problem

- Budgeting as usual
 - Tax to spend mentality
 - Revenue neutral vs. Budget neutral
- Spending growth over the past decade

Solution: Priority-Based Budgeting

- Ask 5 key questions while budgeting
- Success story: Washington State



Five Essential Budget Questions

1. What is the role of government?
2. What are the essential services government must provide to fulfill its purpose?
3. How will we know if government is doing a good job?
4. What should all of this cost?
5. When cuts must be made, how will they be *properly* prioritized?



ALEC Principles of Taxation

- Simplicity
- Transparency
- Neutrality
- Predictability
- Pro-Growth



Pro-Growth Reforms in the States

- Policymakers are increasingly realizing competitiveness is key to growth
- Major reforms swept across states in the past decade
- 2021, 2022, and 2023 have been historic years for tax cuts
 - 22 states have made cuts to the personal income tax (PIT)
- States can fall behind by standing still



States With the Highest In-Migration (2022)

1. Florida (318,855)
2. Texas (230,961)
3. North Carolina (99,796)
4. South Carolina (84,030)
5. Tennessee (81,646)
6. Georgia (81,406)
7. Arizona (70,984)
8. Idaho (28,639)
9. Alabama (28,609)
10. Oklahoma (26,791)

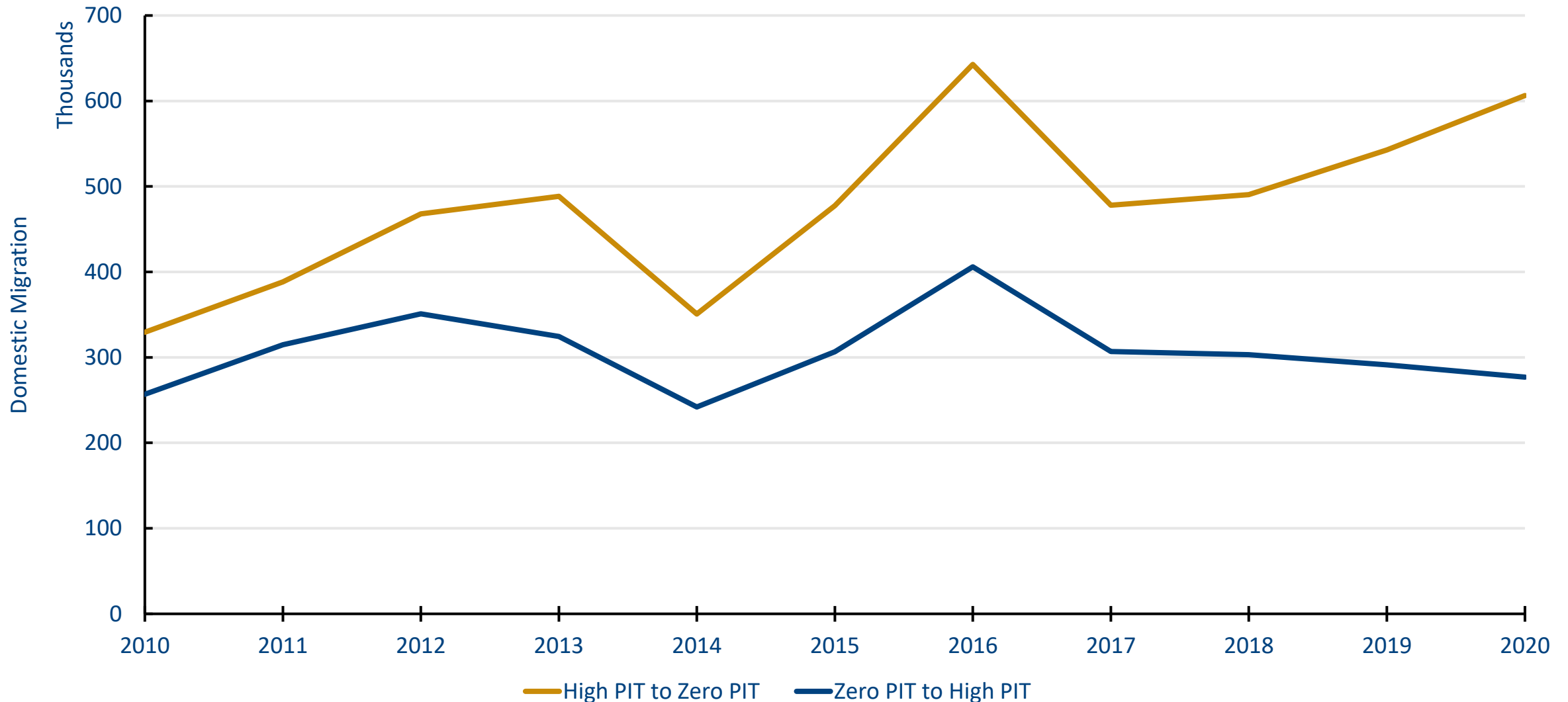


States With the Highest Out-Migration (2022)

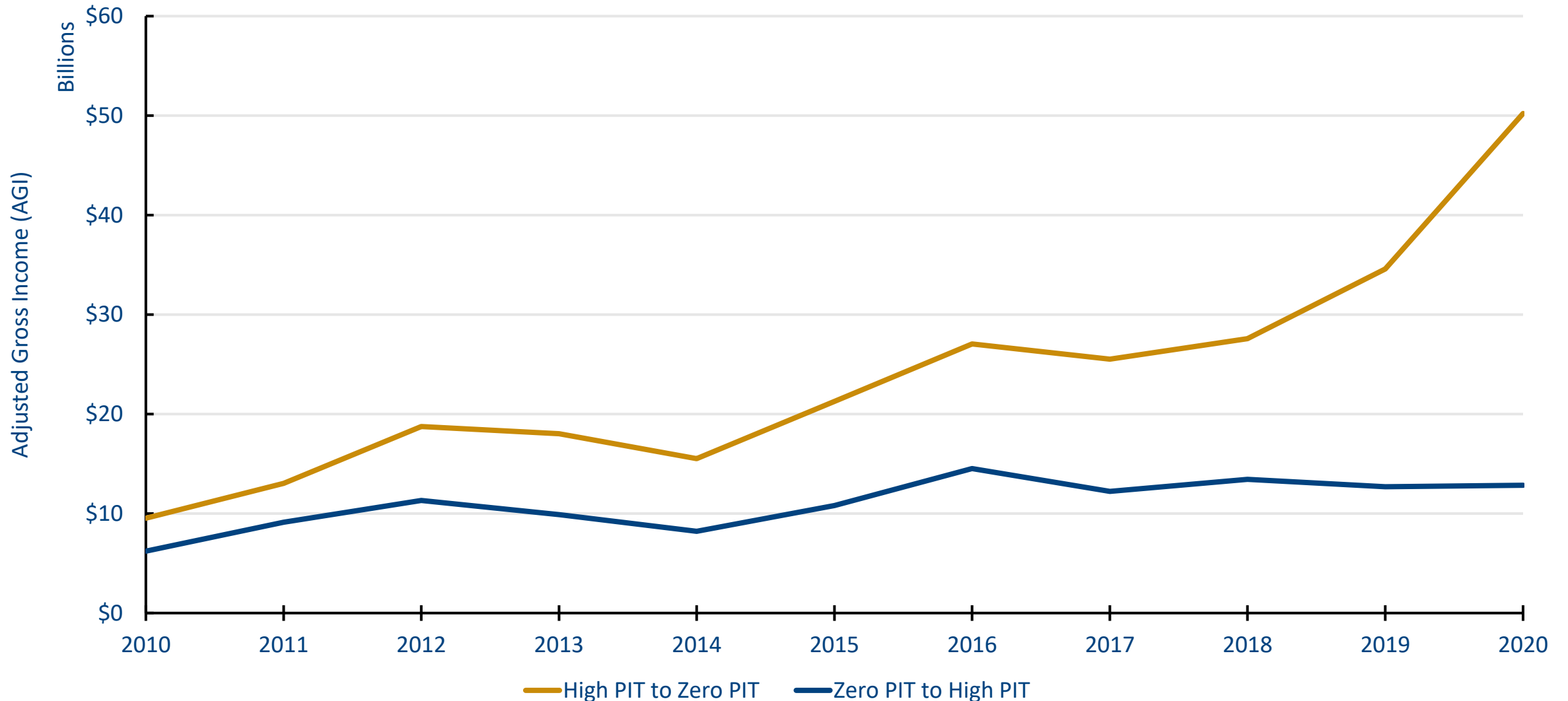
1. California (-343,230)
2. New York (-299,557)
3. Illinois (-141,656)
4. New Jersey (-64,231)
5. Massachusetts (-57,292)
6. Louisiana (-46,672)
7. Maryland (-45,101)
8. Pennsylvania (-39,957)
9. Virginia (-23,952)
10. Minnesota (-19,400)



Domestic Migration Between High PIT and Zero PIT States



Movement of AGI Between High PIT and Zero PIT States



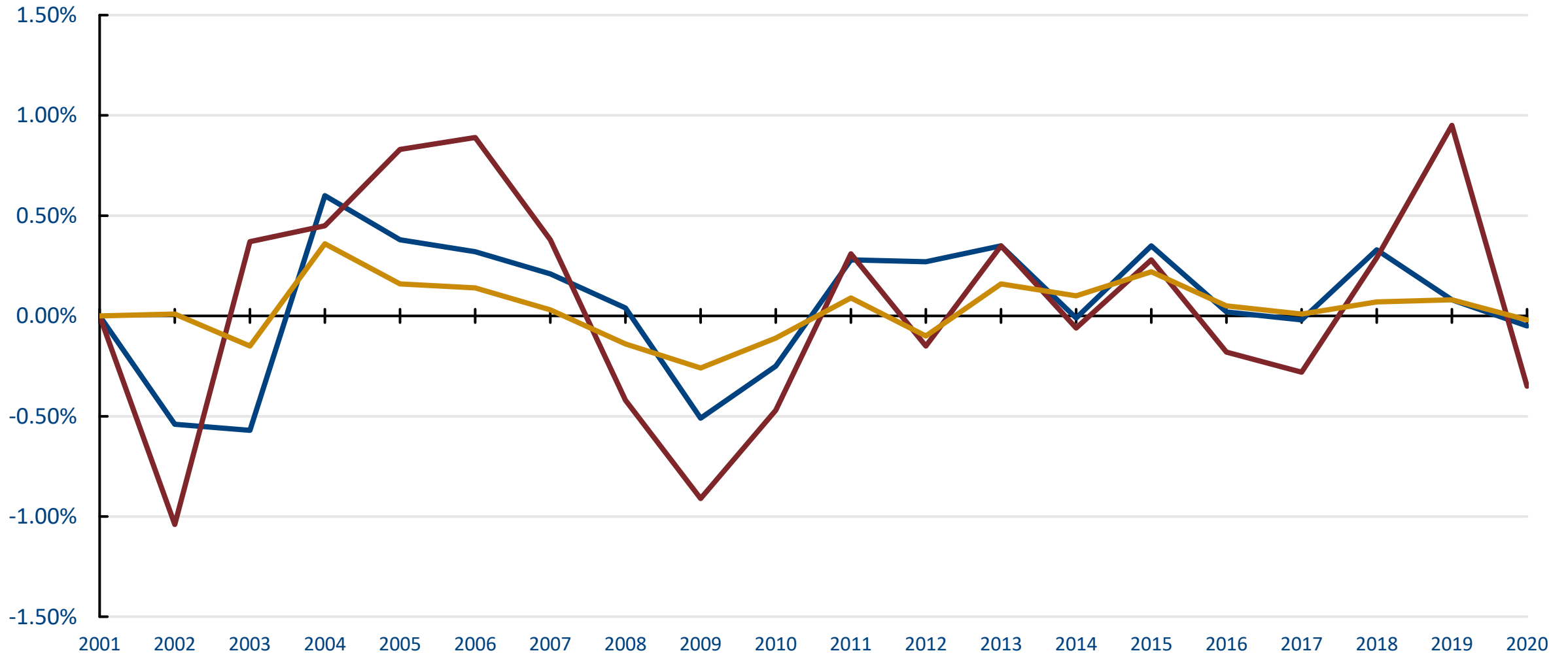
Threats to Economic Competitiveness

1. **Overreliance on volatile forms of taxation**
2. Overreliance on federal funds
3. Lack of spending restraint
4. Out-of-control debt growth



State Tax Revenue Volatility

— Personal Income Tax — Corporate Income Tax — Sales Tax



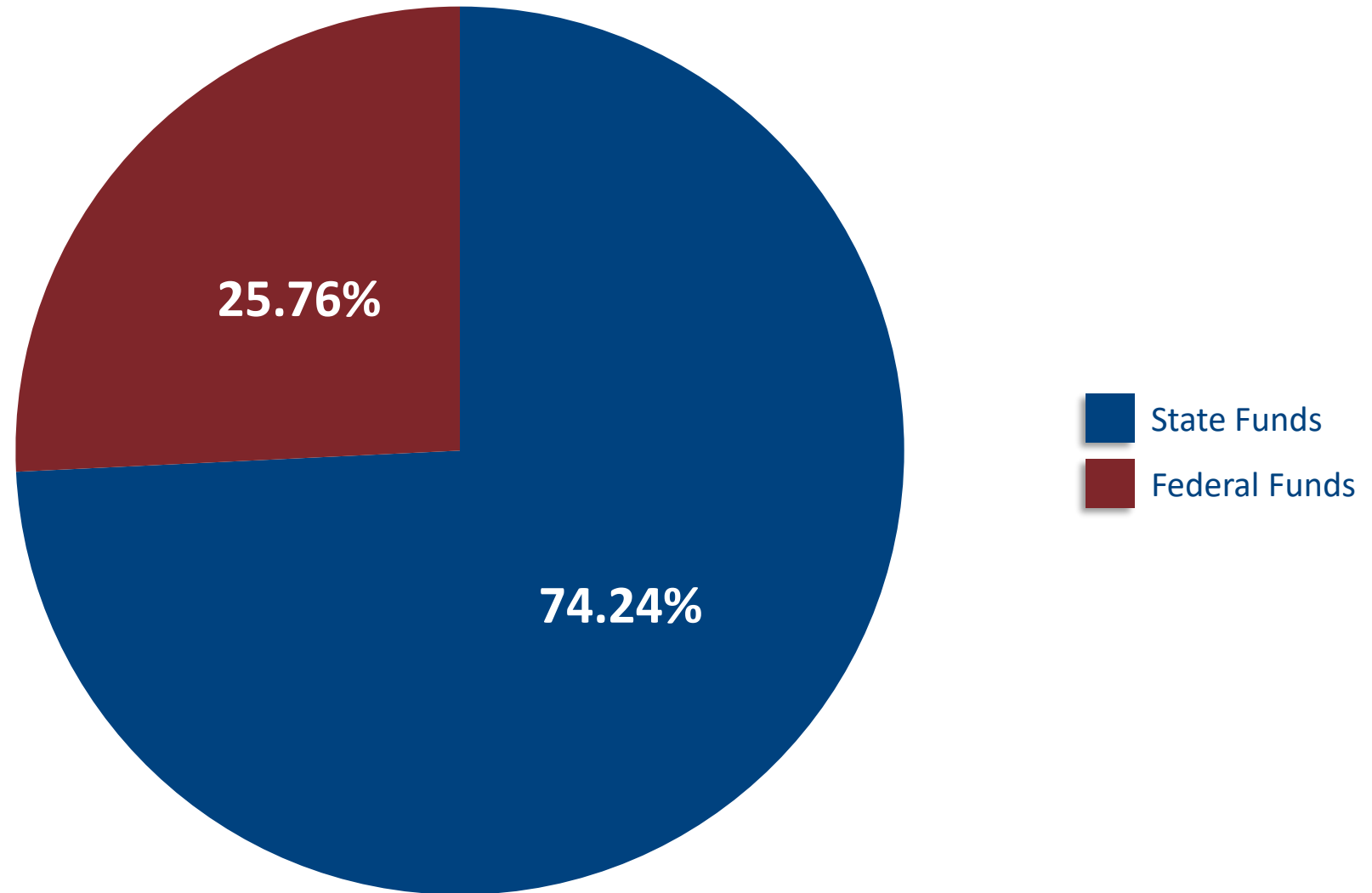
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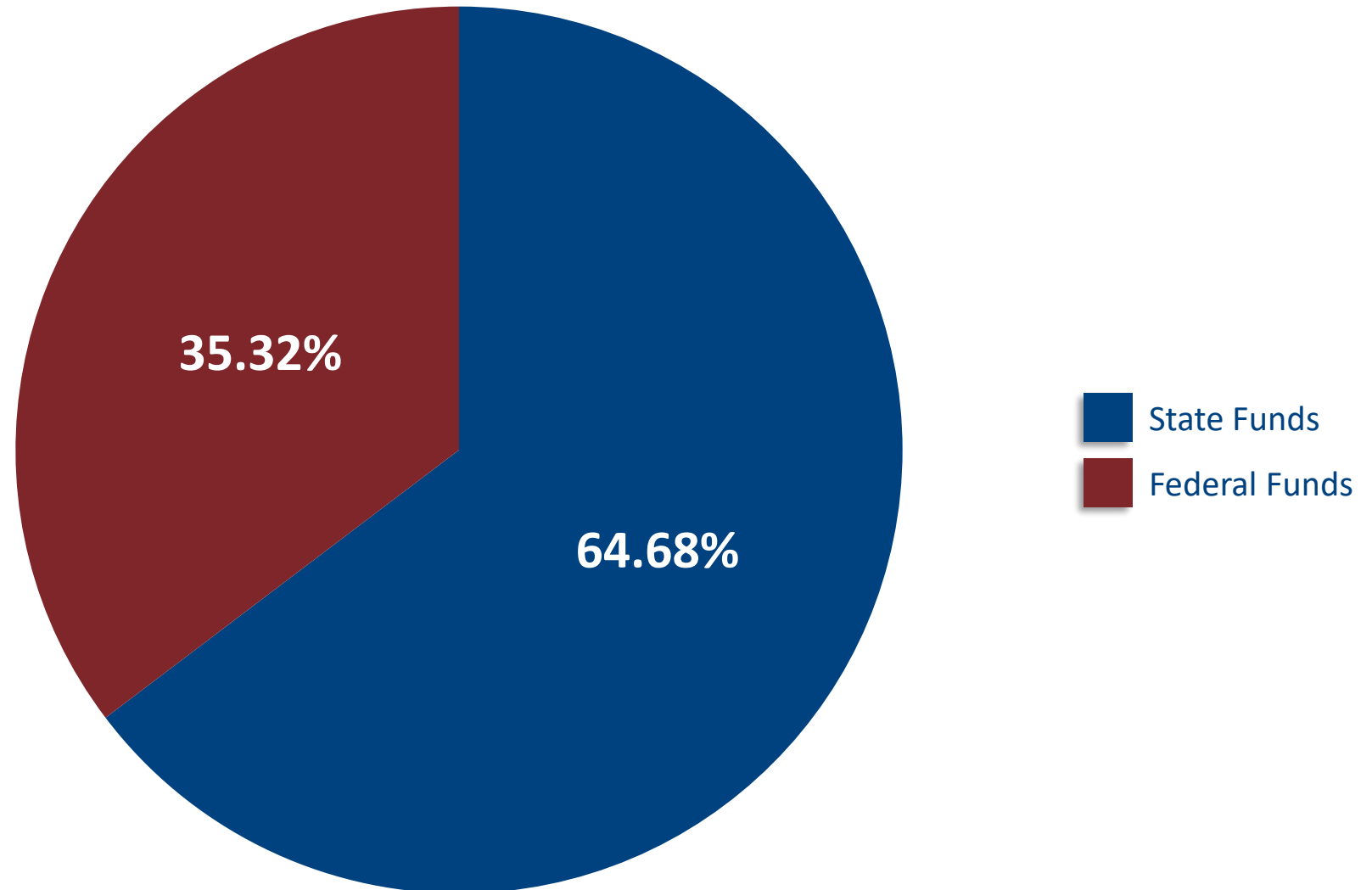
Average State Budget in 1992

The Average State
Budget Totaled
\$21.34 Billion



Average State Budget in 2020

The Average State
Budget Totaled
\$44.86 Billion



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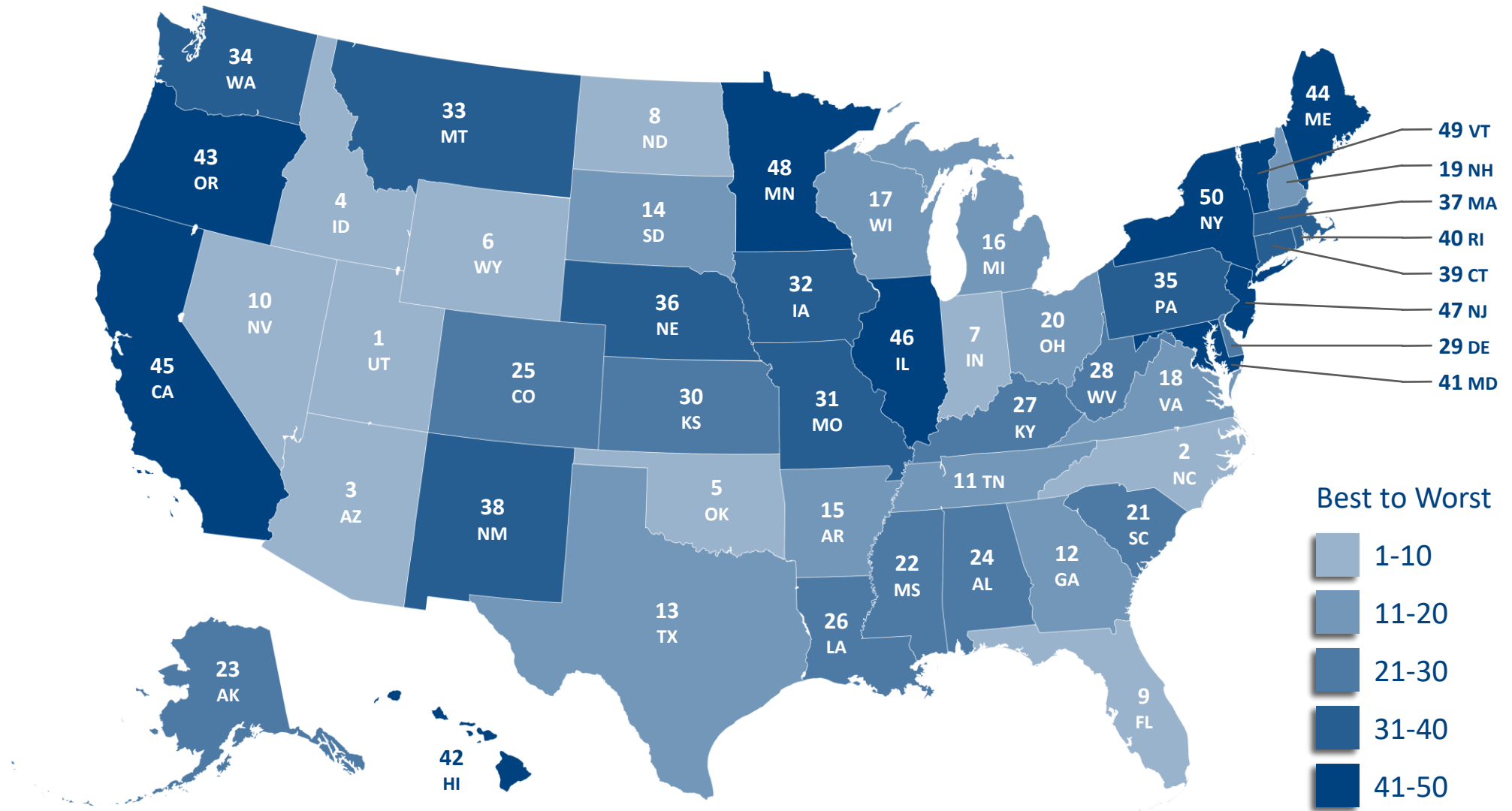


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2023 Economic Outlook



Economic Outlook: The Best of the Best

1. Utah
2. North Carolina
3. Arizona
4. Idaho
5. Oklahoma
6. Wyoming
7. **Indiana**
8. North Dakota
9. Florida
10. Nevada



Economic Outlook: The Worst of the Worst

41. Maryland

42. Hawaii

43. Oregon

44. Maine

45. California

46. Illinois

47. New Jersey

48. Minnesota

49. Vermont

50. New York



Jonathan Williams
Chief Economist
Executive Vice President, Policy
Email: JWilliams@alec.org
X: [@TaxEconomist](#)

